

OFFICES OF THE  
**STATE AUDITOR OF MISSOURI**  
JEFFERSON CITY

REVIEW OF ARTICLE X  
SECTIONS 16 THROUGH 24  
CONSTITUTION OF MISSOURI

YEAR ENDED JUNE 30, 1997

**MARGARET KELLY, CPA**



Report No. 99-12  
January 11, 1999





**STATE AUDITOR OF MISSOURI**  
**JEFFERSON CITY, MISSOURI 65102**

**MARGARET KELLY, CPA**  
STATE AUDITOR

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Honorable Mel Carnahan, Governor  
and  
Members of the General Assembly  
and  
Richard A. Hanson, Commissioner  
Office of Administration  
Jefferson City, Missouri 65102

We have conducted a review of revenues of the state of Missouri for the year ended June 30, 1997, and the application to those revenues of Article X, Sections 16 through 24, of the Constitution of Missouri, more commonly referred to as the Hancock Amendment (included as Appendix). We had previously reported on revenues of the state for the years ended June 30, 1982 through 1996. The amendment, which was adopted by the voters of Missouri on November 4, 1980, limits the growth of state revenues collected in any fiscal year. The purpose of this review include:

1. Evaluating the formula to calculate the state's revenue limit.
2. Determining the specific items included in total state revenues.
3. Verifying the accuracy of the revenue limit computation and comparing that limit to total state revenues.
4. Reviewing the state's overall compliance with the provisions of the amendment.

Our review included only the application of the revenue limit to state revenues and, accordingly, did not include a review of the effects of the amendment on any local governmental unit.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we held discussions with personnel of the Office of Administration, Division of Budget and Planning, inspected relevant records and reports compiled by that office, and reviewed reports from the statewide accounting system. We reviewed this information to the extent necessary to satisfy ourselves that the following Exhibits and Schedules are fairly stated in all material respects.

Our review was limited to the specific matters described earlier and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The following Executive Summary and the Background, Methodology, and Conclusions present our comments, findings, and conclusions concerning the state's overall compliance with the provisions of Article X, Sections 16 through 24, Constitution of Missouri.

A handwritten signature in black ink that reads "Margaret Kelly". The script is cursive and fluid, with the first name and last name clearly distinguishable.

Margaret Kelly, CPA  
State Auditor

January 8, 1999

## EXECUTIVE SUMMARY

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
EXECUTIVE SUMMARY

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5 which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 1997, 1996, 1995, 1994, and 1993. The calculations for years prior to 1997 have been changed to comply with a Supreme Court decision as further explained below.

On January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et. al., Slip Op. No. 80251. This decision determined that taxes and other funds collected by the state may not be considered revenue in the context of TSR unless they meet a two-part test derived from an earlier judicial definition of revenue: (1) the funds must be received into the state treasury; and (2) the funds must be subject to appropriation. Thus, the Hancock Amendment presents unique financial related legal requirements that must be taken into consideration. The items that the Supreme Court specifically ruled on are as follows:

1. The Federal Reimbursement Allowance and the Nursing Facility Reimbursement Allowance tax imposed by the state to pay the state's share of the costs of the Medicaid program is collected by offset against Medicaid claims and is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.
2. The local use tax imposed by the state under Section 144.748, RSMo, until repealed on May 21, 1996, and distributed to local government is not deposited in the state treasury and is not appropriated. As a result, this revenue is not included in TSR.
3. Revenue from one dollar of a state imposed two dollar admission fee to gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
4. Ten percent of the revenue for an adjusted gross receipts tax imposed by the state on gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
5. An adjustment to the revenue limit related to the state assuming certain judicial clerk salaries is appropriate.

The Missouri Supreme Court did not rule on the trial court's decision that revenue from one dollar of the state imposed two dollar admission fee to gaming riverboats that is deposited in the state treasury and appropriated is included in TSR. The Missouri Supreme Court also did not rule on the trial court's decision that revenue from payments to the state to recoup public safety and regulatory enforcement costs related to gaming riverboats that is deposited in the state treasury and appropriated is included in TSR. The Supreme Court did not rule on these issues because OA-BP failed to file a cross-appeal. OA-BP filed a late appeal, further

contesting the trial court's decision in favor of the State Auditor's Office's (SAO) position. On November 24, 1998, the Missouri Court of Appeals, Western District entered its decision, now final, in Kelly v. Hanson, et. al., Slip Op. No. 55438. The Missouri Court of Appeals, Western District ruled that revenue from the one dollar of the state imposed two dollar admission fee is not included in TSR while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR.

The SAO and OA-BP did not present an issue to the Supreme Court concerning the proper accounting for the effect of tax refunds. However, because the Supreme Court decision indicated that the Hancock provisions in the constitution require the actual receipt of revenue, the amendment presents a cash basis system of accounting. Based on the Court's decision, the SAO has changed the calculation of refunds from an appropriations basis to a cash basis.

## EXHIBITS



Exhibit A

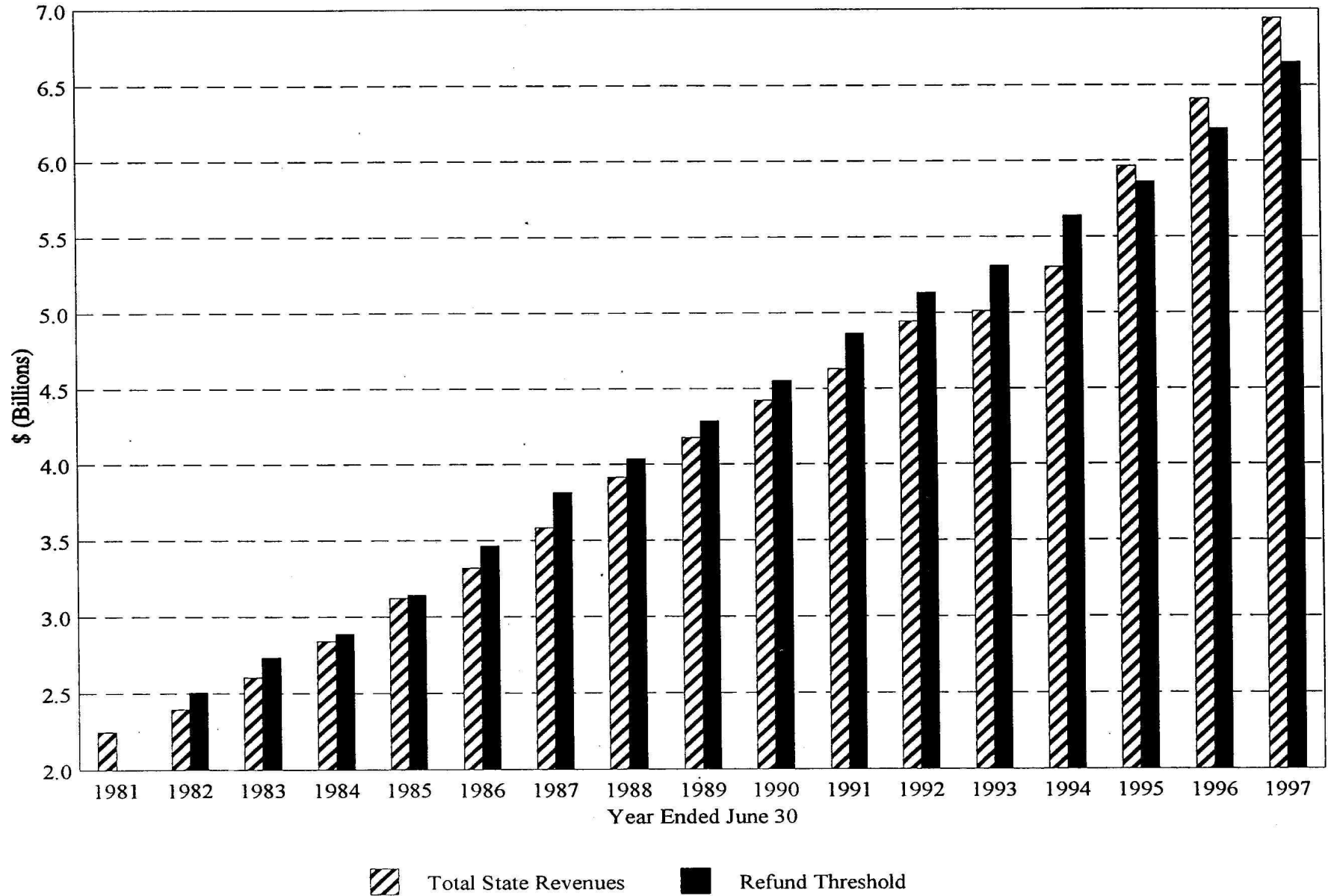
REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24, CONSTITUTION OF MISSOURI  
COMPARISON OF OA-BP AND SAO CALCULATIONS OF LIMITED TSR  
FIVE YEARS ENDED JUNE 30, 1997  
(IN MILLIONS)

		Year Ended June 30,				
		1993	1994	1995	1996	1997
<b>TOTAL STATE REVENUE (TSR)</b>						
Total state receipts	\$	9,734.73	10,580.18	11,892.90	12,308.50	13,225.70
Less excluded revenue		(4,268.69)	(4,919.19)	(5,448.94)	(5,398.13)	(5,770.89)
Less expenditure refunds		<u>(455.11)</u>	<u>(457.96)</u>	<u>(492.18)</u>	<u>(529.59)</u>	<u>(551.53)</u>
TSR per OA-BP		5,010.93	5,203.03	5,951.78	6,380.78	6,903.28
SAO adjustments:						
Riverboat gaming (Note)		0.00	0.00	0.46	6.15	5.46
TSR per SAO	\$	<u>5,010.93</u>	<u>5,203.03</u>	<u>5,952.24</u>	<u>6,386.93</u>	<u>6,908.74</u>
<b>REVENUE LIMIT AND REFUND THRESHOLD</b>						
MPI	\$	92,733.00	98,470.00	102,386.00	108,519.00	116,154.00
Base year ratio		0.06	0.06	0.06	0.06	0.06
Base limit		5,229.68	5,553.22	5,774.06	6,119.93	6,550.50
Judicial article amendment		<u>28.56</u>	<u>29.35</u>	<u>30.52</u>	<u>31.74</u>	<u>33.98</u>
Revenue limit		5,258.24	5,582.57	5,804.58	6,151.67	6,584.48
1 percent adjustment		<u>52.58</u>	<u>55.83</u>	<u>58.05</u>	<u>61.52</u>	<u>65.84</u>
Refund threshold	\$	<u>5,310.82</u>	<u>5,638.40</u>	<u>5,862.63</u>	<u>6,213.19</u>	<u>6,650.32</u>
<b>REFUND CALCULATION</b>						
TSR per OA-BP	\$	5,010.93	5,203.03	5,951.78	6,380.78	6,903.28
Less refund threshold		5,310.82	5,638.40	5,862.63	6,213.19	6,650.32
Over (Under) Threshold		(299.89)	(435.37)	89.15	167.59	252.96
1 percent adjustment		N/A	N/A	58.05	61.52	65.84
Refund per OA-BP	\$	<u>0.00</u>	<u>0.00</u>	<u>147.20</u>	<u>229.11</u>	<u>318.80</u>
TSR per SAO	\$	5,010.93	5,203.03	5,952.24	6,386.93	6,908.74
Less refund threshold		5,310.82	5,638.40	5,862.63	6,213.19	6,650.32
Over (Under) Threshold		(299.89)	(435.37)	89.61	173.74	258.42
1 percent adjustment		N/A	N/A	58.05	61.52	65.84
Refund per SAO	\$	<u>0.00</u>	<u>0.00</u>	<u>147.66</u>	<u>235.26</u>	<u>324.26</u>
Additional refund required per SAO	\$	<u>0.00</u>	<u>0.00</u>	<u>0.46</u>	<u>6.15</u>	<u>5.46</u>

See the accompanying Note to the Exhibits.

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24  
CONSTITUTION OF MISSOURI  
CHART OF TOTAL STATE REVENUES VERSUS REFUND THRESHOLD  
(AS CALCULATED BY SAO)



## NOTE TO THE EXHIBITS

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
NOTE TO THE EXHIBITS

The OA-BP did not include in state receipts the boat enforcement recoupment fees generated from riverboat gaming activities that were deposited in the state treasury. These receipts totaled \$460,735, \$6,155,157, and \$5,456,038, for the years ended June 30, 1995, 1996, and 1997, respectively.

## SCHEDULES

## Schedule 1

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1,993	1,994	1,995	1,996	1,997
101	General Revenue	\$ 3,860,024,846	4,165,679,997	4,848,175,570	5,203,140,977	5,608,125,529
102	School for the Blind - Federal	0	0	0	0	0
103	School for the Deaf - Federal	0	0	0	0	0
104	Vocational Rehabilitation - Federal	2,419	1,001,712	5,303	511,415	1,370
105	Elementary and Secondary Education - Federal and Other	149,885	82,712	72,197	72,241	192,813
106	Cash Operating Reserve - General Revenue	6,584,509	6,677,063	10,624,657	12,166,856	12,716,720
107	Budget Stabilization	479,078	804,200	1,858,127	1,467,772	5,022,803
108	Uncompensated Care	113,400,000	0	0	0	0
109	Mental Health Interagency Payments	0	0	0	0	0
111	Division of Youth Services - Federal and Other	0	1,002	2,378	2,519	3,351
112	Office of the State Public Defender - Federal and Other	0	0	(3,423)	0	0
115	State Auditor - Federal	0	0	0	0	0
116	Department of Higher Education - Federal	1,950	42	0	9,505	0
117	Department of Labor and Industrial Relations - Commission on Human Rights - Federal	0	0	0	0	0
	Department of Economic Development:					
118	Community Development Block Grant (Pass-through)	0	0	0	0	0
119	Women's Council - Federal	2,500	4,705	15,210	79,272	20,089
123	Community Development Block Grant (Administration)	0	0	0	0	0
126	Department of Transportation - Federal and Other	436,137	504,042	1,131,172	669,562	1,154,513
129	Department of Economic Development - Federal and Other	0	200	(200)	16,711	0
130	Department of Corrections - Federal	0	166,248	0	0	0
132	Department of Revenue - Federal	0	0	0	0	0
133	Department of Agriculture - Federal and Other	(3,006)	0	0	0	0
135	Office of Administration - Federal and Other	0	70,843	0	0	0
136	Attorney General - Federal and Other	0	0	(59,999)	(138,041)	(25,702)
137	Supreme Court - Federal and Other	0	(5,459)	(5,459)	9,912	(2,773)
138	Department of Economic Development - Missouri Council on the Arts - Federal and Other	0	0	0	0	0
140	Department of Natural Resources - Federal and Other	24,754	103,946	19,248	77,355	35,037
141	DED - Federal and Other	2,133,788	324,531	200,000	1,152,541	0
142	Federal Reimbursement Allowance	547,357	698,121	1,140,070	11,017,229	16,646,623
143	Department of Health - Federal	2,367	(5,539)	1,058,805	609,738	(834,612)
145	State Emergency Management - Federal and Other	0	0	0	0	0
148	Department of Mental Health - Federal	162,947	6,155	8,391	8,302	10,219
149	Department of Public Safety - Highway Safety	12	0	153	0	0
152	Department of Public Safety - Federal	(672)	(25,231)	(17,355)	9,549	81,466
153	Division of Aging - Federal and Other	1	(30)	39,816	25	0
155	Job Development and Training	0	0	0	(6,155)	24
156	Department of Social Services - Federal and Other	127	65	244	10,579	54,638
161	Title XIX - Patient Placement - General Revenue	0	0	0	0	0
162	ADC - Federal	828	(7)	0	3,734	0
163	Title XIX - Federal	0	34	0	0	0
167	Division of Family Services Donations	2,175	10,426	7,261	12,193	111,811
168	Division of Aging Donations	0	25	0	0	0
169	Child Support Enforcement Collections	(82,214)	(106,481)	(124,388)	(98,339)	(112,745)
176	General Revenue Reimbursements	0	0	0	0	(5,399)
177	Missouri Humanities Council Trust	0	0	0	0	6,687
184	Missouri Veterans Commission - Federal	0	0	0	0	0
185	MCSAP/Division of Transportation - Federal	0	1,725	3,566	4,456	0
186	Division of Labor Standards - Federal	36	0	0	0	0
187	Division of Workers' Compensation - Federal	0	0	0	0	0
188	Governor's Committee on Employment of the Handicapped - Federal	0	4,023	19,768	29,693	29,180
189	Federal and Other	9,421	(16,844)	(3,143)	(2,312)	(13,915)
190	Adjutant General - Federal	(12,777)	(251)	(135,316)	(22,444)	(129,430)

## Schedule 1

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1,993	1,994	1,995	1,996	1,997
191	Department of Labor and Industrial Relations - Crime Victims - Federal	0	0	0	0	0
192	Federal - MDI	0	195,705	175,620	170,532	0
194	Federal Drug Seizure	5,870	9,394	17,939	29,080	32,051
195	Secretary of State - Federal	0	4,578	598	103	727
196	Nursing Facility Federal Reimbursement Allowance	0	0	1,401,973	3,479,394	5,332,352
197	Community Service Commission - Federal and Other	0	0	0	0	0
	Water Pollution Control Bond and Interest:					
220	Pre Tax Act 1986	574,434	361,698	487,568	484,563	395,046
221	Series B 1987	28,293	27,444	15,586	0	0
222	Series A 1989	96,047	48,757	59,017	54,675	62,204
224	Series A 1991	93,486	43,642	59,038	54,011	61,186
225	Series B 1992	76,911	96,671	157,926	147,110	247,412
226	Series A 1992	76,702	88,154	141,453	129,903	148,120
227	Series B&C 1991	131,977	124,787	197,964	234,974	232,510
228	Series A 1993	0	63,698	115,424	105,473	120,046
229	Series B 1993	0	243,685	332,588	307,088	352,439
	Third State Building Bond Interest and Sinking:					
230	Pre Tax Act 1986	1,594,263	725,928	971,377	1,033,963	646,518
231	Post Tax Act 1986	60,637	58,942	33,484	0	0
232	Series A&B 1991	276,273	260,488	414,212	489,089	483,718
233	Series A 1992	233,641	508,502	824,491	762,647	1,254,351
234	Series A 1993	0	339,744	468,105	432,507	496,347
	Water Pollution Control Bond and Interest -					
235	Series A 1995	0	0	49,068	111,403	128,950
236	Series A 1996	0	0	0	0	104,408
	Fourth State Building Bond and Interest -					
240	Series A 1995	0	0	45,231	273,396	322,451
241	Series A 1996	0	0	0	0	372,751
246	Motorcycle Safety Trust	0	0	0	2,385	3,972
247	Hearing Instrument Specialist	0	0	0	22,590	70,665
249	Compulsive Gamblers	0	0	0	300,000	0
253	Missouri Crime Prevention Information and Programming	0	0	0	0	0
254	Missouri Housing Trust	0	0	2,343,493	3,595,779	3,717,438
255	Treasurer's Information	0	0	457	14,608	(12,604)
261	Residential Mortgage Licensing	0	0	0	0	229,718
262	Missouri Arts Council Trust	0	0	0	40,758	360,162
263	Board of Geologist Registration	0	0	0	129,540	97,035
264	Missouri Commission for the Deaf Board of Certification of Interpreters	0	0	0	19	23,741
265	Gaming Commission Bingo	0	0	138,704	126,089	127,261
266	Secretary of State's Technology Trust Fund Account	0	0	1,653,024	2,216,093	2,284,533
269	Missouri National Guard Training Site	0	0	137,151	172,645	200,022
270	Statewide Court Automation	0	0	2,381,223	4,134,134	4,184,606
271	Nursing Facility Quality of Care	0	0	192,022	761,874	1,083,679
272	Missouri Student Grant Program Gift	0	0	0	0	0
274	Division of Tourism Supplemental Revenue	0	0	0	0	0
275	Health Initiatives	0	20,798,800	31,057,762	32,275,006	32,223,483
276	Health Access Incentive	0	0	0	850,000	0
277	Mental Health Housing Trust	0	0	0	0	4,019
278	Family Support Loan Program	0	0	1,613	9,647	16,884
280	Business Extension Service Team	0	0	0	0	0
281	Peace Officers Standards and Training Commission	0	72,790	246,941	301,104	418,625
284	Independent Living Center	0	51,216	121,332	138,900	170,204
285	Gaming Proceeds for Education	0	0	0	0	0
286	Gaming Commission	0	2,818,438	3,549,967	10,073,218	10,894,185

## Schedule 1

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1,993	1,994	1,995	1,996	1,997
287	Outstanding Schools Trust	0	509,745	5,080,843	10,068,818	14,204,380
288	Mental Health Earnings	0	449,985	1,964,418	2,515,064	1,646,729
289	Bingo Proceeds for Education	0	0	0	0	0
290	Highway Department - Grade Crossing Safety Account	385,733	1,023,194	833,805	1,241,628	1,046,319
291	Lottery Proceeds	0	0	0	289	1,436
292	Animal Health Laboratory Fee	0	84,950	206,987	232,636	262,064
293	Mammography	117,300	58,400	56,784	63,984	86,684
295	Animal Care Reserve	0	99,300	241,580	243,647	253,783
296	Division of Aging - Elderly Home Delivered Meals Trust	0	981	1,042	182	211
297	Highway Patrol Inspection	607,680	847,714	852,835	877,026	1,076,350
298	Missouri Public Health Services	283,364	364,312	543,625	758,657	639,393
299	Livestock Brands	31,405	32,295	22,870	18,375	16,920
302	Department of Natural Resources - Federal (Land and Water)	0	0	0	0	0
304	Veteran's Homes Capital Improvement Trust	0	0	0	68,831	275,570
320	State Road	16,090,614	12,565,818	17,557,065	20,927,760	11,228,850
325	Veterans Homes Capital Improvement	0	2,349,206	96,453	136,091	47,801
341	Water Pollution Control - Pre Tax Act 1986	0	0	0	0	0
342	Water Pollution Control - Series A 1989 - 37E - NEW	0	0	0	0	0
343	Water Pollution Control - Series A 1989 - 37C	0	0	0	0	0
344	Water Pollution Control - Series A 1991 - 37E	16,650	0	0	0	0
345	Water Pollution Control - Series A 1991 - 37C	18,071	0	0	0	0
346	Water Pollution Control - Series A 1992 - 37E	330,864	63,887	0	0	0
347	Water Pollution Control - Series A 1992 - 37C	405,290	55,172	0	0	0
348	Water Pollution Control - Series A 1993 - 37C	0	414,050	373,030	162,446	34,581
349	Water Pollution Control - Series A 1993 - 37E	0	440,740	362,960	15,445	0
351	Water Pollution Control - Series A 1995 - 37C	0	0	52,555	242,872	112,250
352	Water Pollution Control - Series A 1995 - 37E	0	0	262,750	1,004,170	313,244
353	Water Pollution Control - Series A 1996 - 37C	0	0	0	0	502,120
354	Water Pollution Control - Series A 1996 - 37E	0	0	0	0	844,553
360	Third State Building - Pre Tax Act 1986	838,743	426,635	395,464	301,821	199,935
371	Third State Building Trust - Pre Tax Act 1986	0	0	0	1,925	1,669
380	Fourth State Building - Series A 1995	0	0	786,728	3,211,948	1,391,385
381	Fourth State Building - Series A 1996	0	0	0	0	4,803,635
403	Mental Health Central Supply	0	0	0	0	0
406	Commodity Council Merchandising	7,867,538	7,299,402	8,715,352	8,929,820	10,748,958
407	Federal Surplus Property	1,753,179	2,263,030	1,853,998	1,616,386	1,403,661
408	Single-purpose Animal Facilities Loan Program	0	0	0	54,146	235,061
410	State Fair Fees	2,324,932	2,636,325	2,948,455	2,516,152	2,393,159
415	State Parks Earnings	4,205,436	5,117,497	5,142,735	5,755,621	5,526,811
420	State Parks Revolving	94,019	90,274	123,327	145,172	389,949
425	Natural Resources Revolving Services	200,252	204,829	237,624	254,343	281,535
430	Historic Preservation Revolving	1,885	3,416	751	89,034	17,227
460	Missouri Veterans' Homes	6,489,234	6,668,980	8,835,638	9,181,603	9,200,352
465	Missouri State Chest Hospital	3,509,830	2,556,772	2,751,013	3,377,440	197,193
500	Department of Natural Resources Cost Allocation	(15)	0	21	(1,005)	62
501	State Facility Maintenance and Operation	0	0	0	0	198,889
505	Office of Administration Revolving Administrative Trust	1,083,432	2,756,716	3,814,326	12,930,918	12,775,659
510	Working Capital Revolving	1,183,866	1,286,753	1,531,389	1,866,955	1,840,155
511	Microfilming Service Revolving Trust	3,164	295	881	561	12
515	Central Check Mailing Service Revolving	0	0	0	0	0
520	House of Representatives Revolving	36,696	33,466	52,153	31,170	24,001
525	Supreme Court Publications Revolving	83,720	41,993	116,399	112,359	124,282
530	Adjutant General Revolving	38,666	44,164	48,579	59,093	49,134
535	Senate Revolving	22,040	19,582	13,848	10,880	42,610
540	Inmate Revolving	2,174,176	2,641,063	2,837,488	3,085,362	3,260,298



## Schedule 1

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1,993	1,994	1,995	1,996	1,997
545	Department of Social Services Administrative Trust	18,982	29,114	224,695	183,463	445,050
546	Statutory Revision	162,006	281,573	727,955	225,824	162,149
547	Department of Economic Development Administrative	0	2,304,867	2,214,666	1,839,580	38,984
548	Division of Credit Unions	660,167	593,484	617,733	735,264	794,654
549	Division of Savings and Loan Supervision	500,436	487,050	450,514	42,865	38,751
550	Division of Finance	6,062,719	6,269,155	6,811,399	6,763,194	7,199,578
551	Industrial/Commercial Energy Conservation Loan	59,893	104,432	159,916	173,974	136,144
552	Insurance Examiners	4,612,781	5,715,627	6,130,048	6,353,390	7,032,816
553	Design and Construction - Donated	0	151,798	2,450	0	0
554	Firing Range Fee	880	1,170	700	470	0
555	Natural Resources Protection	32,301	644,666	322,648	354,204	260,030
556	Youth Service and Conservation Corps	0	0	0	0	0
559	Deaf Relay Service	2,998,848	4,185,593	4,320,598	4,503,021	4,754,625
560	Mortgage Broker Administration	16,100	71,710	62,095	1,100	0
561	Real Estate Appraisers	393,097	381,207	327,941	314,764	297,049
562	Endowed Care Cemetery Audit	143,477	188,983	207,179	203,290	153,771
563	Missouri Community College Job Training Program	1,826,164	3,330,374	3,695,728	6,393,596	6,924,397
565	Professional and Practical Nursing Student Loan and Nurse Loan Repayment	325,490	339,856	352,728	370,452	699,999
566	Department of Insurance Dedicated	5,915,462	5,794,915	5,908,814	6,880,730	6,707,213
567	International Trade Show Revolving	44,990	69,430	71,583	37,390	85,077
568	Natural Resources Protection - Water Pollution Permit Fee Subaccount	2,251,811	2,440,094	2,657,205	2,850,079	4,685,674
569	Solid Waste Management - Scrap Tire Subaccount	1,515,733	1,589,783	1,600,186	1,651,838	1,728,208
570	Solid Waste Management	6,766,715	7,176,978	7,201,983	7,075,466	7,357,325
573	Aquaculture Marketing Development	12,744	11,389	18,966	18,053	19,020
574	Clinical Social Workers	104,417	245,591	318,090	234,869	286,463
575	Metallic Minerals Waste Management	31,297	84,584	89,708	92,429	93,142
576	Landscape Architectural Council	18,005	21,455	24,098	19,360	21,180
577	Local Records Preservation	1,233,771	1,405,763	1,138,421	1,190,145	1,250,992
579	Veterans Trust	9,359	9,190	14,083	16,509	19,305
580	State Committee of Psychologists	273,779	368,519	338,998	366,572	350,699
581	Livestock Sales and Markets Fees	17,025	17,400	15,600	14,990	13,875
582	Manufactured Housing	354,227	382,569	426,908	500,876	552,592
583	Missouri Health Care Providers	40,089	52,324	99,155	114,664	75,815
584	Natural Resources Protection - Air Pollution Asbestos Fee Subaccount	303,561	368,768	448,141	519,895	450,613
585	Underground Storage Tank Insurance	14,491,097	7,378,351	2,603,788	4,363,430	16,685,770
586	Underground Storage Tank Regulation Program	253,210	302,028	251,765	86,483	94,443
587	Chemical Emergency Preparedness	687,748	693,543	700,364	734,915	723,515
588	Motor Vehicle Commission	883,878	901,629	942,513	999,572	1,023,983
589	Health Spa Regulatory	6,000	6,225	8,200	5,800	5,700
591	State Forensic Laboratory	250,000	250,000	250,000	250,000	250,000
592	Services to Victims	822,729	910,250	971,101	925,240	1,706,463
594	Natural Resources Protection Air Pollution Permit Fee Subaccount	5,893,442	6,625,772	6,425,326	5,995,951	7,051,966
598	Medical School Loan and Loan Repayment Program	0	0	0	0	0
599	Video Instructional Development and Educational Opportunity	0	0	0	0	0
600	Missouri Job Development	0	0	0	388	0
601	Children's Services Commission	242	11,673	5,311	747	746
602	Water and Wastewater Loan Revolving	514,954	1,244,127	4,259,193	4,137,706	6,162,800
603	Attorney General's Court Costs	19,749	6,950	193	19,612	5,858
604	Missouri Prosecuting Attorney	26,666	0	0	0	0
605	Missouri Breeders	2,446	2,181	3,321	3,619	3,732
606	Political Subdivision Reimbursement	2,963	0	0	0	0

## Schedule 1

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1,993	1,994	1,995	1,996	1,997
607	Public Service Commission	9,315,975	10,912,797	10,617,489	11,873,034	11,576,967
608	Grade Crossing and Safety Account	(398)	22,768	0	0	0
609	Conservation Commission	85,452,517	89,618,358	97,465,656	104,348,924	110,506,508
610	Division of Family Services - Administrative	904,938	1,070,007	(160,062)	(257,217)	(581,740)
611	County Officers Compensation	38,089	0	0	0	0
613	Parks Sales Tax	11,474	5,739	8,597	62,295	27,193
614	Soil and Water Sales Tax	297	3,768	13	1,555	3,570
615	Apple Merchandising	5,985	7,197	4,832	4,715	5,064
616	State School Money	55,074,884	55,947,675	59,392,720	59,253,661	58,712,784
617	Disproportionate Share	0	0	0	0	0
618	Handicapped Children's Trust	0	0	0	0	0
619	Department of Revenue Information	3,258,711	3,280,433	3,315,158	3,844,376	3,903,445
620	Department of Social Services Educational Improvement	0	0	(7)	0	0
621	Blind Pension	13,306,774	13,606,851	14,033,071	14,625,859	15,570,167
622	Tort Victims Compensation	51,946	1,572	7,956	9,565	16,689
623	State Seminary Money	249,294	200,821	197,574	224,084	236,788
624	Livestock Dealer Law Enforcement and Administration	4,390	2,749	2,054	3,709	4,946
626	State Guaranty Student Loan	5,133,193	5,837,232	5,085,949	4,316,116	4,380,199
627	Board of Accountancy	652,748	664,175	768,913	589,961	635,199
628	Board of Barber Examiners	169,200	170,615	169,860	174,133	170,760
629	Board of Podiatry	43,050	42,780	43,868	44,927	53,408
630	Board of Chiropractic Examiners	239,462	274,814	275,770	277,104	257,485
631	Merchandising Practices Revolving	562,234	525,889	556,434	1,129,952	862,469
632	Board of Cosmetology	231,742	2,357,557	235,544	1,896,202	376,286
633	Board of Embalmers and Funeral Directors	345,909	355,710	347,710	437,156	455,466
634	Board of Registration for Healing Arts	2,978,731	3,015,067	3,116,765	3,168,610	3,243,660
635	Board of Nursing	1,394,109	1,602,757	1,665,337	1,737,466	3,097,964
636	Board of Optometry	81,120	83,530	87,595	88,084	125,612
637	Board of Pharmacy	782,410	814,551	813,706	1,058,506	1,120,302
638	Missouri Real Estate Commission	1,320,881	1,472,330	1,973,277	1,496,353	1,964,355
639	Veterinary Medical Board	295,697	380,869	333,135	341,293	340,726
642	State Schools Textbook	0	0	0	0	0
644	Highway Department	126,585,342	128,796,443	131,434,168	138,282,043	138,954,472
645	Milk Inspection Fees	1,581,240	1,495,654	1,512,667	1,483,842	1,461,870
646	Department of Health Document Services	123,183	157,993	124,494	132,284	221,169
647	Grain Inspection Fees	2,111,735	1,468,240	1,421,303	1,374,474	1,755,887
648	Petition Audit Revolving Trust	54,288	118,653	142,461	102,392	111,143
649	Water and Waste Water Loan	29,991	24,672	37,301	46,293	62,319
650	Tourism Marketing	250	494	824	395	0
651	Excellence in Education	881,228	1,387,974	1,523,880	1,969,563	2,108,992
652	Workers' Compensation	9,380,672	9,235,933	2,305,544	1,192,237	13,588,696
653	Workers' Compensation - Second Injury	50,323,323	40,540,448	5,980,545	2,780,461	3,928,274
654	State Environmental Improvement Authority	1,469	236	0	0	0
655	Missouri Prospective Teachers Loan	240	811	1,960	1,030	360
657	Lottery Enterprise	0	0	0	0	0
658	Department of Health - Donated	8,742	13,600	76,362	181,473	909,455
659	Railroad Expense	413,124	538,069	499,949	502,560	507,778
660	Water Well Drillers	280,413	412,097	463,735	481,901	491,579
662	Petroleum Inspection	969,342	1,388,449	1,902,235	1,886,807	1,700,177
663	Missouri Disaster	0	226,912	0	0	0
666	Attorney General's Anti-trust	17,398	16,500	40,000	104,976	454,528
667	Energy Set-Aside Program	386,613	349,327	553,836	556,801	695,146
668	State Land Survey Program	1,228,543	1,406,207	1,131,484	1,183,239	1,253,040
669	Petroleum Violation Escrow	957,460	816,155	1,114,858	1,163,320	1,232,242
670	Legal Defense and Defender	420,092	385,544	329,890	654,082	438,558
671	Criminal Record System	372,852	562,356	899,476	1,210,678	1,603,159

## Schedule 1

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1,993	1,994	1,995	1,996	1,997
672	Committee on Professional Counselors	203,699	220,418	253,257	266,289	299,190
673	Motor Fuel Tax	479,211,173	439,745,086	485,843,150	499,231,650	562,182,075
674	Highway Patrol Academy	247,624	326,034	160,711	167,808	259,883
675	State Transportation	0	0	143	0	0
676	Hazardous Waste	833,208	784,423	1,098,495	1,174,939	1,121,670
677	Dental Board	527,206	521,233	510,807	512,403	678,038
678	State Board of Architects, Engineers and Land Surveyors	734,200	768,842	1,169,388	550,425	1,019,932
679	Safe Drinking Water	1,123,283	2,353,704	2,938,524	2,885,439	2,911,110
680	Missouri Office of Prosecution Services	197,637	196,367	161,980	164,906	159,777
681	Crime Victims' Compensation	3,902,909	3,901,519	4,248,257	4,336,598	3,825,731
682	Insurance Examiners' Sick Leave	1,728	0	0	0	0
683	Marketing Development	448,088	406,557	385,672	432,942	433,748
684	Coal Mine Land Reclamation	214,280	293,269	287,389	375,778	221,410
685	Missouri Horse Racing Commission	143	46	104	88	0
686	State Elections Subsidy	0	200,000	0	0	0
687	Fair Share	25,088,982	24,331,185	25,347,571	25,632,040	25,078,896
688	School District Trust	0	0	0	100	0
689	Professional Registration Fees	(28,794)	(24,678)	(45,308)	(28,543)	(30,474)
690	Hazardous Waste Remedial	2,447,504	2,256,183	2,566,414	2,391,093	3,104,501
691	Missouri Air Pollution Control	807,217	864,503	868,268	888,741	921,777
692	State Legal Expense	0	0	0	0	0
693	Athletic	73,164	48,016	59,357	88,705	210,211
694	Children's Trust	1,357,598	1,464,068	1,564,441	1,529,200	1,651,531
695	Highway Patrol Motor Vehicle Revolving	2,758,860	3,385,236	3,585,067	4,318,508	4,429,562
696	Local Government Energy Conservation Loan	93,339	134,272	202,176	214,050	143,099
697	Abandoned Mine Reclamation	2,119	4,662	11,431	20,585	24,729
698	Meramac-Onondaga State Parks	29,122	27,374	41,835	45,997	46,948
699	Oil and Gas Remedial	0	0	0	38,199	0
706	Missouri State Employees' Deferred Compensation Incentive Plan Administration	0	0	0	39,775	51,250
710	Proceeds of Surplus Property Sales	707,192	0	1,048,905	929,115	1,016,777
753	Debt Offset Escrow	(3,665,993)	(3,614,382)	(3,742,353)	(6,195,085)	(4,821,258)
756	Agriculture Bond Trustee	0	10,000	(10,000)	0	0
812	Confederate Memorial Park	3,095	2,951	4,662	5,237	5,456
817	State Public School	43,530	16,965	25,430	85,105	121,065
824	Organ Donor Program	0	0	0	124,099	353,369
826	Child Labor Enforcement	0	0	0	400	5,850
828	Inmate Incarceration Reimbursement Act Revolving	0	0	0	17,200	57,245
829	Secretary of State's Investor Education	0	0	0	15,100	124,608
830	Property Reuse	0	0	0	0	107,322
836	State Document Preservation	0	0	0	0	20,053
862	Escheats	702,827	1,037,405	688,495	455,928	330,704
863	Abandoned Fund Account	11,102,415	11,239,842	15,362,885	16,537,096	21,184,632
872	State Seminary	0	0	0	0	0
873	Champ W. Smith & Mary C. Smith Memorial Endowment Trust	13,981	12,626	19,297	20,537	20,330
901	Veterans Memorial	0	0	0	0	0
904	Agriculture Development	102,508	85,580	164,387	180,467	161,484
905	Alternative Care Trust	0	0	0	0	0
906	Mined Land Reclamation	612,551	514,179	366,037	321,068	304,803
911	Babler State Park	178,004	191,353	246,630	284,337	281,006
920	School for Blind Trust	115,014	129,310	43,781	399,400	745,171
922	School for Deaf Trust	0	7,500	0	15,000	0
925	Institution Gift Trust	0	0	0	0	5,500
926	Mental Health Institution Gift Trust	2,965,698	3,718,876	6,080,906	6,937,519	6,023,564
927	Department of Health Institution Gift Trust	13,220	27,207	21,874	20,876	123

## Schedule 1

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1,993	1,994	1,995	1,996	1,997
928	Higher Education Institution Gift Trust	0	0	0	3,811	8,059
929	Secretary of State Institution Gift Trust	91,370	37,896	96,575	58,510	55,081
930	State Treasurer Institution Gift Trust	0	0	0	0	0
948	Unemployment Compensation Administration	(125)	(6,345)	(174)	79	(3,871)
949	Special Employment Security	555,212	4,067,467	4,245,071	981,705	811,942
950	Crippled Children	2,239	11,690	1,817	5,867	28,950
951	State Fair Trust	7,789	5,966	4,496	4,904	4,007
952	Aviation Trust	507,262	444,647	458,456	418,275	428,161
963	Pansey Johnson-Travis Memorial State Gardens Trust	109,888	40,813	30,345	36,395	37,868
964	Pansey Johnson-Travis Stocks and Securities Trust	0	0	0	0	0
969	Prosecuting and Circuit Attorneys' Retirement	546,254	184,653	4,138	0	0
	Amount not identified by fund	38,607	1,215,381	0	0	0
	Total All Funds	<u>\$ 5,010,933,945</u>	<u>5,203,039,394</u>	<u>5,952,239,457</u>	<u>6,386,936,483</u>	<u>6,908,736,259</u>

## Schedule 2

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Object		Year Ended June 30,				
Code	Type of Revenue	1993	1994	1995	1,996	1,997
	Taxes:					
	Sales and use taxes -					
1001	Sales and use tax	\$ 1,301,555,892	1,400,767,295	1,500,216,708	1,572,942,103	1,661,577,698
1002 (i)	Parks sales and use tax	23,541,851	25,694,705	27,464,734	28,831,212	30,147,296
1003 (h)	Soil and water sales and use tax	23,541,858	25,694,712	27,464,743	28,831,220	30,147,300
1005	Motor vehicle sales and use tax	129,313,753	158,057,709	166,606,905	176,976,510	183,282,751
1007	Conservation sales and use tax	58,896,003	64,246,972	68,668,633	72,082,941	75,372,032
1008 (b)	Proposition C sales and use tax	470,461,721	511,935,619	546,940,077	573,887,136	599,874,927
1009	Sales and use taxes paid under protest	1,340,934	161,040	(500)	372,590	330,458
	Income taxes -					
1010	Individual income tax	2,321,040,215	2,470,440,138	2,870,296,890	3,119,662,175	3,417,345,814
1011	Individual income taxes paid under protest	8,734	(4,049,023)	34,502	(44,851)	52,260
1015	Corporate income tax	236,351,106	289,447,889	422,130,243	475,543,706	471,803,854
1016	Corporate income taxes paid under protest	1,409,882	803,073	(73,723)	1,200,484	(243,289)
	Premium taxes -					
1020	County foreign insurance tax	135,206,655	138,049,581	164,815,554	166,069,784	158,043,999
1023	County stock insurance tax	3,002,593	3,339,620	3,305,610	4,635,617	5,293,720
1025	Workers' compensation insurance tax	8,090,546	8,380,949	2,340,213	1,102,132	12,930,619
1030	Workers' compensation insurance tax - second injury	49,746,210	38,549,365	3,406,167	453,685	2,260,522
1032	Excess lines of insurance tax	5,845,638	6,684,727	8,205,283	8,263,241	7,178,036
	Commodity taxes -					
1035	Cigarette tax	79,110,973	99,015,031	113,454,810	115,877,272	113,954,350
1040	Heavy beer tax	7,233,695	7,519,572	7,564,576	7,413,845	7,522,370
1045	Light beer tax	95,780	82,082	85,486	78,097	67,390
1047	Liquor tax	13,837,571	13,497,103	13,402,780	13,317,705	13,322,732
1050	Wine tax	2,395,007	2,273,339	2,329,404	2,599,439	2,601,203
	Miscellaneous taxes -					
1055	Corporation franchise tax	59,820,001	61,299,431	67,624,527	72,274,454	78,462,670
1060 (c)(n) (n)	Motor vehicle fuel tax	351,497,061	368,906,056	424,360,346	434,673,292	491,041,894
1065 (c) (n)	Special fuel tax	107,547,946	119,660,918	141,024,078	146,173,382	170,151,257
1070	Inheritance tax	59,764,765	55,552,936	73,088,557	57,329,820	82,808,839
1073 (o)	Bingo tax	5,996,048	8,486,388	6,016,548	4,400,745	4,314,178
1074 (p)	Gaming commission receipts tax	0	880,132	55,746,015	95,833,764	116,631,782
1080	Incorporation tax	7,404,131	7,740,124	9,440,289	10,101,429	10,741,031
1085	Real and personal property tax	12,024,399	12,375,914	12,503,874	13,543,245	12,433,841
1090	Delinquent real and personal property tax	1,282,615	1,230,937	1,529,197	1,082,614	3,098,424
1095	Other taxes	4,031,766	2,583,258	4,017,091	14,694,327	22,267,080
	License, permits, and fees:					
	Licenses and permits -					
1100	Professional licenses or permits	10,239,980	13,394,507	12,202,534	13,386,050	14,618,353
1105	Recreational licenses or permits	2,791,782	2,751,453	3,518,910	3,221,729	3,507,553
1108	All-terrain vehicle licenses or permits	211,354	215,699	330,278	366,280	3,517
1110	Motor vehicle licenses or permits	203,465,089	206,652,345	216,613,049	223,109,380	225,784,047
1113	Driver's licenses or permits	14,695,287	15,195,107	16,733,367	17,902,082	18,660,249
1115	Land reclamation commission permits	571,009	461,682	279,109	426,668	416,422
1117	Salesman licenses or permits	7,631,252	10,136,637	9,256,379	9,664,765	10,400,422
1119	Motor vehicle and boat manufacturer and dealer licenses	865,014	885,425	922,458	975,585	997,816
1120	Liquor licenses or permits	3,064,325	3,310,223	3,388,388	3,452,377	3,535,290
1122	Gaming commission licenses	0	2,783,148	2,133,548	2,706,346	2,998,949
1125	Beer licenses or permits	26,337	21,763	20,654	17,405	16,546
1130	Motor carrier licenses	2,439,496	1,642,553	3,131,450	2,557,957	2,551,975
1132	Hunting and fishing licenses and permits	19,526,412	19,588,684	20,321,729	21,451,397	25,905,843
1135	Other licenses and permits	6,763,173	7,329,764	7,702,828	8,422,128	9,291,738

## Schedule 2

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Object Code	Type of Revenue	Year Ended June 30,				
		1993	1994	1995	1,996	1,997
	Collection fees -					
1140	City sales tax collection fees	8,223,500	9,332,149	10,748,925	11,548,704	11,728,152
1145	County collectors fees	10	30	0	6,678	0
1150	Jackson County cigarette tax collection fees	25,802	27,224	28,013	28,333	29,753
1155	St. Louis County cigarette tax collection fees	45,786	49,354	48,551	48,696	47,871
1160	Financial institution intangible property tax collection fees	402,664	565,918	464,729	380,695	254,439
	Registration fees -					
1170	Motorboat fees	2,657,202	2,804,098	3,415,680	3,667,343	4,694,914
1175	Narcotics and dangerous drugs fees	599,580	606,630	626,170	632,630	626,150
1180	Outboard motor fees	464,085	468,224	497,515	484,113	0
1184	Horse registration fees	0	0	0	0	0
1185	Occupational boards fees - individual	911,771	989,306	991,997	1,051,954	1,034,060
1186	Occupational boards fees - corporate	122,910	124,267	160,175	127,096	139,015
1187	Nonmotor fuel decal fees	316,876	303,064	299,652	287,917	273,711
1189	Other registration fees	331,266	391,790	426,405	509,300	509,002
	Regulatory fees -					
1190	Athletic (commission) fees	58,574	32,311	37,622	56,410	177,426
1195	PSC/Division of Transportation - regulatory fees	12,694,469	15,565,269	15,302,992	16,603,654	16,512,014
1200	Milk control fees	65,383	61,146	67,365	59,684	57,799
1204	Home health care license fees	144,900	162,650	180,300	197,400	228,000
1205	Nursing home license fees	26,810	24,470	22,590	19,640	18,130
1206	Title V emissions fees	4,804,757	5,168,796	4,360,307	4,010,668	4,286,862
1207	Boarding home license fees	221,225	176,566	238,413	692,690	749,906
1209	Hospital license fees	97,647	101,836	105,072	107,152	98,664
1210	Grain warehouse license fees	59,017	57,104	55,288	50,893	49,980
1211	Missouri primacy fees	896,669	2,111,831	2,318,310	2,238,168	2,413,183
1212	Underground storage tank annual participation fees	504,200	834,523	1,089,231	1,521,791	1,506,037
1213	Transport load fees	13,319,113	5,599,425	18,107	1,234,193	13,073,438
1215	Tourist cabin permit fees	146,678	153,869	138,229	96,868	124,768
1218	New tire fees	0	1,579,005	1,590,293	1,641,537	1,713,438
1219	Livestock sales and marketing fees	16,950	17,755	15,725	150	0
1220	Water and sewage fees	0	0	0	0	0
1221	Insurance companies regulatory fees	1,010,088	1,107,137	1,054,906	1,946,490	1,931,466
1222	Air conservation commission permit fees	161,891	174,549	203,582	310,308	477,569
1223 (o)	Bingo license fees	84,025	78,474	135,537	122,072	120,821
	Inspection fees -					
1225	Beverage inspection fees	478,166	484,927	471,889	532,106	491,242
1230	Grain warehouse inspection fees	2,059,367	1,419,408	1,364,728	1,305,079	1,713,361
1235	Milk inspection fees	1,581,860	1,490,043	1,512,727	1,483,863	1,461,870
1237	Ice cream products inspection fees	59,541	11,290	65,309	44,245	38,760
1240	Mine inspection fees	72,003	58,121	61,543	64,604	73,414
1245	Mobile home and recreational vehicle inspection fees	354,227	382,569	426,908	487,188	535,050
1249	Oil inspection fees	952,478	1,366,633	1,849,263	1,801,916	1,603,507
1250	Mattress factory inspection fees	1,000	0	0	0	0
1253	Other inspection fees	616,045	577,678	580,846	679,262	716,007
	Miscellaneous fees -					
1255	Admission fees	1,077,298	1,454,541	1,224,845	856,156	850,362
1257	State auditor fees	551,598	475,074	423,430	428,807	515,808
1260	Secretary of state fees	1,282,145	1,334,721	2,042,609	2,103,117	2,130,122
1262	Savings and loan association fees	114,997	192,348	394,132	37,314	35,372
1263	Grade crossing safety fees	0	409,887	210,090	217,017	0
1265	Court fees	14,890,671	14,249,872	17,244,125	18,948,444	19,068,093
1267	Financial institutions examination fees	6,693,057	6,649,603	6,962,249	6,943,207	7,386,374

## Schedule 2

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Object Code	Type of Revenue	Year Ended June 30,				
		1993	1994	1995	1,996	1,997
1268	Consumer finance license fees	229,600	221,875	246,275	268,900	317,425
1270	Institutional support fees	1,022,214	1,178,781	811,815	840,035	115,005
1275	Land survey fees	2,457,087	2,812,411	2,259,370	2,366,477	2,501,984
1280	Magistrate fees	15	0	0	0	0
1282	Marketing development fees	8,847,832	8,062,679	8,935,485	9,515,159	10,906,547
1285	Miscellaneous insurance fees	4,188,018	4,761,761	3,095,598	2,122,278	2,138,781
1287	Gaming commission fees	0	3,224	13,773,701	28,765,563	38,078,921
1290	Motor vehicle inspection sticker fees	3,742,624	4,009,845	4,028,411	4,146,514	4,160,557
1291	Hunting and fishing tag fees	0	1,078,933	1,177,346	1,163,143	1,203,458
1293	Public defender fees	416,416	381,917	328,472	647,409	429,399
1294	Excellence in education fees	0	6,341	0	0	0
1295	Professional liability legal fees	0	0	0	0	0
1296	County recorders fees	0	807,320	3,118,225	4,262,538	4,390,182
1297 (e)	Other fees	21,053,833	22,172,965	24,957,129	25,724,178	30,012,908
Sales:						
1305 (d)	Bond sales	35,000,000	29,949,105	105,219,799	0	160,000,000
1310	Land sales	2,391,724	859,639	1,521,315	2,855,015	1,786,479
1315	Natural resources sales	1,033,086	1,656,787	1,648,300	1,551,477	1,928,865
1320	Agriculture sales	1,339,224	842,718	1,368,864	954,432	1,387,826
1325	Commodity sales	688,071	678,318	663,883	474,683	395,710
1330	Information sales	4,545,472	4,782,787	5,551,054	5,791,902	5,758,040
1335 (a)	National forest timber sales	1,711,602	0	0	0	0
1340	Surplus property sales - state	7,391,990	7,351,473	9,271,967	10,093,516	8,925,742
1341	Surplus property sales - federal	0	2,407	11,163	31,699	27,398
1344	Sales of fixed assets	0	0	0	0	28,500
1345	Vital records sales	1,624,897	1,820,035	1,939,188	1,794,726	1,308,634
Working Capital Revolving Fund sales -						
1346 (g)	Intragovernmental	14,827,979	16,031,129	17,584,686	22,785,926	28,737,974
1347	External	1,183,856	1,235,099	1,336,076	1,786,804	1,659,819
1348 (e)	Instant game ticket sales	47,662,446	68,753,805	81,858,017	91,018,456	95,085,120
1349 (e)	Lotto ticket sales	96,275,460	139,810,735	155,675,399	144,410,037	140,392,242
1350 (e)	Other sales	2,144,912	2,109,202	2,616,845	4,525,050	2,198,946
Leases and rentals:						
1405 (a)	U. S. flood control leases	399,782	0	0	0	0
1425	Office and parking rentals and leases	131,820	132,015	276,174	280,604	493,628
1435	Concessions and recreational rentals and leases	1,831,166	1,945,722	2,201,137	2,049,831	2,224,635
1440	Housing rentals and leases	0	16,443	17,615	132,151	272,056
1445	Highway sign rentals	0	45	0	0	0
1450	Other leases and rentals	9,564,273	3,306,655	3,657,353	5,248,479	3,766,771
Services:						
Medical services -						
1470 (a)	Managed care - Medicaid	0	0	0	84,717	325,873
1472	Managed care - Other	0	0	0	(1,752)	0
1475 (a)	Hospital services - Medicare	9,185,046	7,006,242	5,276,563	8,035,839	4,476,075
1477 (a)	Hospital services - Medicaid	173,098,763	188,417,740	205,679,465	107,073,018	181,708,691
1479	Hospital services - other insurance	3,666,995	2,906,071	2,993,617	3,076,603	1,786,822
1481	Hospital services - private payments	6,600,990	6,653,564	7,211,360	6,537,551	6,447,658
1483	Hospital services - county court payments	27,260	33,993	887	12,093	38,505
1485 (a)	Professional services - Medicare	2,107,614	3,018,321	2,816,995	2,094,605	2,442,939
1487 (a)	Professional services - Medicaid	0	64	435	5,899	0
1489	Professional services - other insurance	577,553	350,622	230,721	183,080	172,285
1491	Professional services - private payments	144,290	179,175	320,086	397,574	424,859
1493	Professional services - county court payments	1,311	1,974	678	4,653	0
1494 (g)	State facility modification services	0	0	0	0	408,829
1495 (g)	OA revolving trust fund services	30,113,773	33,701,131	37,243,729	41,631,934	49,732,062

## Schedule 2

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Object Code	Type of Revenue	Year Ended June 30,				
		1993	1994	1995	1,996	1,997
1496 (g)	Microfilming service revolving trust fund services	0	0	0	0	0
1497 (g)	Central check mailing service revolving fund service	35,668	40,990	42,554	47,642	47,554
1498 (g)	Central supply services	2,496,192	1,827,364	2,061,368	1,650,161	1,219,951
1499 (g)	Natural resources revolving services	0	0	28,265	382,206	1,276,710
	Contributions and intergovernmental receipts:					
1505	Donations - private or community donations	2,820,712	3,600,714	1,945,814	3,037,234	2,822,028
	Federal receipts -					
1510 (a)	Health grants	105,687,918	121,027,844	142,585,458	151,930,854	146,250,554
1511 (a)	National forest timber grants	0	1,429,654	2,089,031	2,329,509	2,637,899
1512 (a)	U.S. flood control grants	0	731,979	454,708	566,029	742,423
1513 (a)	Adjutant General grants	0	5,201,188	6,902,025	9,125,625	9,626,254
1514 (a)	Environmental grants	0	51,164,640	47,481,460	66,901,172	57,231,957
1515 (a)	Education grants	348,018,087	371,849,808	388,479,231	383,864,074	412,821,223
1520 (a)	Public assistance grants	1,754,281,591	1,922,580,119	2,083,534,317	2,176,156,876	2,146,446,705
1525 (a)	Recreational grants	307,263	227,824	245,611	71,576	170,407
1530 (a)	Construction grants	0	0	8,895	20,416	0
1535 (a)	Other grants	199,781,172	264,120,049	233,459,212	216,966,701	180,194,048
1550 (a)	Federal reimbursements	404,400,915	470,988,988	529,882,164	455,062,633	479,041,135
1560 (a)	Interagency receipts	67,354,082	76,249,363	32,224,873	42,941,505	36,016,034
1565 (a)	Defaulted loan buyouts and advances	28,167,914	24,057,216	19,938,448	29,592,325	32,168,856
1569 (a)	Other miscellaneous receipts - federal	83,634,848	86,212,336	96,429,846	82,960,776	86,701,369
	Other contributions and Intergovernmental receipts (nonfederal) -					
1570 (g)	Interagency receipts	15,275,642	18,036,527	71,866,488	76,089,182	84,746,397
1585	Other contributions or intergovernmental receipts	122,550,310	10,294,011	16,173,361	17,191,651	15,266,800
	Interest, penalties, and unclaimed properties:					
1605	Time deposit and U. S. securities interest	0	0	0	0	0
1615 (b)(e)						
(h)(i)						
(l)(o)						
(p)	Time deposit interest	16,207,010	11,044,383	10,366,210	19,029,812	20,962,339
1620	U. S. securities interest - OASDHI	0	0	0	0	0
1625 (b)(e)						
(h)(i)						
(l)(o)						
(p)	U. S. securities interest	28,031,548	39,762,843	88,456,393	121,344,290	147,349,274
1630	Delinquent taxes interest	43,707	28,830	93,189	52,350	63,546
1637	Interest on loans	201,503	246,691	291,209	326,308	485,462
1640 (b)(e)						
(h)(i)						
(p)	Other interest	551,865	4,708,672	1,150,393	741,911	903,077
1645	Penalties - penalties and court awards	5,300,573	10,708,865	11,206,759	7,789,762	8,334,746
1650	Estates	450,208	840,417	417,470	407,884	251,658
1655	Sheriff's sale	684	0	0	0	0
1660	Receiverships	0	0	0	0	0
1665	Other unclaimed properties	11,158,400	11,272,869	15,422,817	16,594,852	21,251,390
	Refunds:					
1700 (f)	Salary refunds	461,426	453,407	476,461	546,423	551,879
1705 (f)	Old age assistance pension refunds	0	57,488	0	0	0
1710 (f)	General relief pension refunds	5,812,391	6,089,484	5,523,552	6,037,376	4,821,368
1715 (f)	Aid to Disabled pension refunds	0	0	0	66	0
1720 (f)	Blind pension refunds	1,842	4,890	1,214	1,130	10,660
1725 (f)	Dependent children pension refunds	460,987	460,606	460,594	558,368	580,810
1730 (f)	Day care refunds	31,692	40,201	75,387	33,959	54,590
1735 (f)	Medicare - medicaid refunds	38,254,446	46,989,785	69,785,994	67,635,106	72,917,011



## Schedule 2

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Object Code	Type of Revenue	Year Ended June 30,				
		1993	1994	1995	1,996	1,997
1740 (f)	Cost in criminal cases refunds	87,602	72,126	81,383	117,075	129,811
1745 (f)	Vendor refunds	2,613,239	2,067,542	2,109,566	1,968,432	1,609,854
1750 (f)	Refunds from political subdivisions	1,049,940	260,255	443,425	352,954	102,623
1755 (f)	School refunds	3,564,200	3,305,430	4,220,711	4,647,105	7,389,300
1760 (f)	Miscellaneous highway department refunds	2,440,722	3,891,660	4,924,902	3,433,944	2,552,507
1765 (f)	Other refunds	6,064,792	9,773,595	26,126,303	27,213,983	46,884,752
1780 (f)	Cost reimbursements	18,191,134	0	0	0	0
1781 (f)	Recovery costs	56,651,344	0	0	0	0
1785 (f)	State employee expense reimbursement	6,547	0	0	0	0
Miscellaneous receipts:						
1800 (k)	Outlawed checks	2,141,727	2,143,720	2,514,083	3,066,896	2,509,511
1805 (j)	Redeposit of investment principal	8,542,618	8,129,435	9,173,790	15,113,621	11,725,349
1807 (m)	Redeposit of loan principal	35,134,083	43,744,746	2,218,108	2,873,778	43,399,046
1809	Telephone commissions	0	1,547,577	3,643,002	11,740,727	9,750,416
1810 (e)(l)	Other miscellaneous receipts	22,137,454	25,787,440	24,384,335	25,586,715	21,744,319
1815	State tax account	245	0	0	0	0
1816	Inmate housing receipts	0	0	29,566	104,924	286,226
1817 (f)	State employee expense reimbursement	0	4,071	351	64,967	(57,612)
1818 (f)	Recovery costs	0	59,826,554	58,408,055	73,018,033	79,669,143
1819 (f)	Cost reimbursements	0	21,201,701	33,632,944	19,144,309	18,379,206
1820 (e)	Bond account	4,208,153	4,124,916	4,468,629	3,838,980	4,057,167
Total Revenues		9,734,727,550	10,580,183,948	11,892,905,794	12,308,495,799	13,225,697,550
Exclusions:						
(a)	Federal funds	(3,178,136,597)	(3,594,283,375)	(3,797,488,737)	(3,735,783,710)	(3,779,001,902)
(b)	Proposition C sales and use tax/interest	(471,679,863)	(513,153,057)	(548,964,482)	(576,183,322)	(602,196,870)
(c)	Proposition A gas tax and license fee increases	(137,042,405)	(143,585,594)	(156,801,130)	(160,030,224)	(162,129,652)
(d)	Bond sales	(35,000,000)	(29,949,105)	(105,219,799)	0	(160,000,000)
(e)	Lottery	(144,807,664)	(209,696,849)	(238,682,696)	(236,950,218)	(236,881,512)
(f)	Refunds	(135,673,961)	(154,302,548)	(206,145,032)	(204,633,534)	(235,517,160)
(g)	Interagency sales and receipts	(62,749,254)	(69,637,141)	(128,798,825)	(142,587,051)	(166,167,508)
(h)	Soil and water sales and use tax/interest	(25,098,844)	(27,059,262)	(29,269,758)	(30,441,529)	(31,336,514)
(i)	Parks sales and use tax/interest	(24,098,248)	(26,168,785)	(28,312,673)	(29,881,640)	(31,227,984)
(j)	Redeposit of investment principal	(8,542,618)	(8,129,435)	(9,173,790)	(15,113,621)	(11,725,349)
(k)	Outlawed checks	(2,132,691)	(2,132,234)	(2,507,656)	(3,061,127)	(2,501,963)
(l)	Alternative Care Trust Fund	(8,593,118)	(8,500,562)	(9,499,054)	(9,451,184)	(9,379,131)
(m)	Redeposit of loan principal	(35,134,083)	(43,744,746)	(2,218,108)	(2,873,778)	(43,399,046)
(n)	Amendment 8 motor fuel tax to local governments	0	(81,448,876)	(109,921,832)	(118,268,947)	(139,026,185)
(o)	Bingo	0	(6,268,952)	(6,253,704)	(4,684,178)	(4,615,579)
(p)	Riverboat Gambling	0	(1,128,642)	(69,224,542)	(122,027,715)	(150,324,332)
Total Revenues after Exclusions		5,466,038,204	5,660,994,785	6,444,423,976	6,916,524,021	7,460,266,863
Less expenditure refunds (Schedule 3)		(455,104,259)	(457,955,391)	(492,184,519)	(529,587,538)	(551,530,604)
Total State Revenues (TSR) (As Calculated by State Auditor's Office)		\$ 5,010,933,945	5,203,039,394	5,952,239,457	6,386,936,483	6,908,736,259

## Schedule 3

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
 CONSTITUTION OF MISSOURI  
 SCHEDULE OF EXPENDITURE REFUNDS, BY TYPE

Object Code	Type of Expenditure Refund	Year Ended June 30,				
		1993	1994	1995	1996	1997
2530	Expense and equipment - miscellaneous refunds	\$ 3,758,535	1,834,774	1,276,309	1,521,137	7,718,935
2905	Sales tax refunds	17,230,986	16,499,420	17,392,843	15,387,532	23,709,060
2910	Motor vehicle sales tax refunds	907,544	975,312	1,499,726	1,400,723	1,552,623
2915	Motor vehicle use tax refunds	472,354	655,946	736,243	614,653	666,653
2920	Conservation sales tax refunds	27,688	29,693	45,572	42,724	47,510
2925	Boat tax refunds	3,993	4,811	6,848	10,025	8,827
2930	Individual tax refunds	294,874,634	305,451,146	315,882,653	359,807,319	358,940,695
2935	Senior citizens tax refunds	19,875,342	19,437,297	19,366,149	19,089,661	20,307,479
2940	Corporation tax refunds	69,681,324	64,431,486	73,161,723	64,612,413	72,489,256
2945	Franchise tax refunds	3,767,323	4,409,718	5,572,591	5,041,392	4,165,018
2950	Regular fuel tax refunds	16,907,064	16,482,925	18,031,576	15,029,407	12,975,589
2955	Special fuel (non-gasoline) tax refunds	13,551,538	13,775,971	19,038,400	19,840,175	25,967,303
2960	Inheritance tax refunds	942,080	1,244,613	1,165,379	1,444,205	1,649,218
2965	Motor vehicle license fee refunds	395,146	561,163	633,366	791,461	608,659
2970	Drivers license fee refunds	53,700	69,415	94,408	106,726	102,504
2975	Other tax refunds	8,209,617	8,624,351	12,712,765	17,337,825	12,677,706
2980	Miscellaneous refunds	4,445,391	3,467,350	5,567,968	7,510,160	7,943,569
	Total Expenditure Refunds	\$ <u>455,104,259</u>	<u>457,955,391</u>	<u>492,184,519</u>	<u>529,587,538</u>	<u>551,530,604</u>

## BACKGROUND, METHODOLOGY, AND CONCLUSIONS

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
BACKGROUND, METHODOLOGY, AND CONCLUSIONS

The following identifies the various components of the amendment and the application of the amendment to state revenues.

**Formula**

Article X, Section 18(a) of the Constitution of Missouri establishes the revenue limit formula as follows:

Revenue limit for FY 19XX	= $\frac{\text{TSR in FY 1981}}{\text{CY 1979 Missouri personalincome (MPI)}}$ x	The greater of Missouri Personal Income (MPI) in the calendar year (CY) prior to the CY in which appropriations are made for FY 19XX or Average MPI for three CYs preceding FY 19XX.
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The formula is composed of two principal parts. The first part of the formula, the base year ratio (BYR), is as follows:

$$\frac{\text{TSR in FY 1981}}{\text{CY 1979 MPI}}$$

The application of this ratio to the second part of the formula (future years' MPI) ensures that no greater portion of a future year's personal income will be used to fund state government than was the case at the time of passage of the amendment. The MPI amounts used in the formula for the base year and subsequent years are reported by the U. S. Department of Commerce (DOC).

The OA-BP does not adjust the BYR for changes already made or for future changes or adjustments to this amount by DOC. Article X, Section 17(2) refers to “. . . total income . . . as defined and officially reported by” DOC. Even though the amendment does not specifically refer to such adjustments, this wording suggests that the BYR should be adjusted whenever CY 1979 MPI is adjusted by DOC. The use of the initial reporting of MPI does provide an unchanging BYR for future years, which provides at least two benefits. First, the state can more easily plan and make appropriate adjustments to stay under the revenue limit. Second, if the initial MPI is subsequently adjusted, retroactive refunds are a possibility. That is, an adjustment to MPI for any prior year (including the base year) could reduce the revenue limit for a prior year below that year's TSR, providing a refund where one previously was not due. Therefore, we find this approach reasonable so long as it is followed consistently.

As with the BYR, the OA-BP uses the MPI first officially published by DOC after the close of the CY to calculate the revenue limit for the applicable fiscal year. For the reasons expressed in the preceding paragraph, we find this approach reasonable so long as it also is followed consistently.

The BYR was calculated by the OA-BP as follows:

$$\frac{2,232.204096}{39,581.0} = .05639584891$$

In its calculations of the revenue limit the OA-BP rounded the BYR to .056395.

Article X, Section 18(b) allows the state to exceed the revenue limit by 1 percent before a refund is due. Therefore, to determine the point at which the refund provision takes effect (the refund threshold) the revenue limit is adjusted upward by 1 percent. However, should TSR exceed the refund threshold, all revenues in excess of the revenue limit are subject to refund.

### **Adjustments**

Article X, Section 18(d) provides that the revenue limit may be adjusted, “. . . if responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment . . . provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such a change.”

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo 1996, which was effective on July 1, 1981.

In past years the SAO disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. The Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

### **Composition of Total State Revenues**

An integral part in applying the provisions of the amendment to state revenues is to determine what constitutes TSR. The amendment does not specify the methodology to be used to determine TSR. Consequently, procedures to calculate TSR have been established and certain decisions as to items that would be either included or excluded have been made, except for items ruled on by the Attorney General or the Missouri courts.

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not included in TSR. These funds include university local funds, local sales tax fund collections made by the Department of Revenue, various funds held in trust for inmates, patients, etc., and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, “defined in the budget message of the governor for fiscal year 1980-81.” The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.

From the revenue amounts obtained from SAM, certain types of revenues are excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

A. Federal Funds

Article X, Section 17 specifically excludes federal funds.

B. Proposition C Sales and Use Tax\Interest

In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.

C. Proposition A Gas Tax and License Fee Increases

In April 1987, the voters approved Proposition A, which increased the motor fuel tax by four cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded.

D. Bond Sales

An attorney general opinion concluded that proceeds of the state's general obligation bonds were not to be included in TSR. Based on the attorney general opinion and the fact that bond proceeds are not revenue from an accounting standpoint, bond proceeds are excluded.

E. Lottery

In November 1984, the voters approved Article III, Section 39(b) of the constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.

F. Refunds

From an accounting standpoint, refunds received due to the overpayment of obligations by the state, as identified by certain revenue object codes, are not revenue and are excluded.

G. Interagency Sales and Receipts

Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue object codes, are excluded.

- H. Soil and Water Sales and Use Tax\Interest  
and
- I. Parks Sales and Use Tax\Interest

In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c) states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.

- J. Redeposit of Investment Principal

From an accounting standpoint, the redeposit of investment principal, which has a specific object code, is not revenue and is excluded.

- K. Outlawed Checks

From an accounting stand point, outlawed checks, which are state checks that were not cashed by the payee within the time allowed, hence they are redeposited in the state treasury, are excluded.

- L. Alternative Care Trust Fund

The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo 1994. The Division of Family Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the Division of Veteran's Affairs hold funds in trust for inmates and patients; however, these funds are not in the state treasury and are not included in TSR. Funds held in trust are not state funds since the funds remain the property of the individual. Since the Alternative Care Trust Fund does not account for state funds, it is excluded.

- M. Redeposit of Loan Principal

From an accounting standpoint, redeposits of loan principal under the Wastewater Loan Program are not revenue and are excluded.

- N. Amendment 8 Motor Fuel Tax to Local Governments

In August 1992, the voters approved an amendment to Article IV, Section 30(a) which revised the apportionment of the motor fuel tax. In addition, the amendment provided that beginning July 1, 1993, the net proceeds of fuel taxes allocated to local governments is excluded from TSR. Since the voters approved this revised allocation of the fuel tax, the fuel tax allocated to local governments is excluded.

- O. Bingo

The August 1992 amendment to Article III, Section 39(d) related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo 1994 requires the bingo tax to be deposited

in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.

P. Riverboat Gambling

In August 1992, the voters approved an amendment to Article III, Section 39(d) of the Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.

In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming which had been enacted by voters as Proposition A in November 1992.

Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d) and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d) of the Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

Under Senate Bills 10 and 11, the legislature also established a Gaming Commission Fund in the state treasury and authorized gaming commission license fees, penalties, administrative fees, reimbursements, and admission fees to be deposited in this fund and expended pursuant to state appropriation for various purposes.

The OA-BP has excluded certain Gaming Commission Fund revenues from TSR asserting that half of a \$2 admission fee and a reimbursement for public protection costs paid by gaming licensees received voter approval in 1992 under House Bill 149. However, the legislature repealed House Bill 149 and enacted new, and significantly different laws in Senate Bills 10 and 11 that were not submitted to voters for approval. The amount and purpose of the admission fee was changed and the scope and nature of the reimbursement charges were changed. The Gaming Commission Fund to which these charges are allocated did not even exist under House Bill 149.

On January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et al., Slip Op. No. 80251. The Missouri Supreme Court did not rule on the trial court's decision that revenue from one dollar of the state imposed two dollar admission fee to gaming riverboats that is deposited in the state treasury and appropriated is included in TSR. The Missouri Supreme Court also did not rule on the trial court's decision that revenue from payments to the state to recoup public safety and regulatory enforcement costs related to gaming riverboats that is deposited in the state treasury and appropriated is included in TSR. The Supreme Court did not rule on these issues because OA-BP failed to file a cross-appeal. OA-BP filed a late appeal, further contesting the trial court's decision in favor of the State Auditor's Office's (SAO) position. On November 24, 1998, the Missouri Court of Appeals, Western District entered its decision, now final, in Kelly v. Hanson, et. al., Slip Op. No. 55438. The Missouri Court of Appeals, Western District ruled that revenue from the one



dollar of the state imposed two dollar admission fee is not included in TSR while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR.

### **Expenditure Refunds**

According to Article X, Section 17(1), total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.

This report is intended for the information of the office's management and other applicable state government officials. However, this report is a matter of public record and its distribution is not limited.

## APPENDIX

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,  
CONSTITUTION OF MISSOURI  
(ADOPTED NOVEMBER 4, 1980, AMENDED APRIL 2, 1996\*)

TAXATION

**Section 16. Taxes and state spending to be limited--state to support certain local activities--emergency spending and bond payments to be authorized.** Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

**Section 17. Definitions.** As used in sections 16 through 24 of Article X:

(1) **“Total state revenues”** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.

(2) **“Personal income of Missouri”** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.

(3) **“General price level”** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

**Section 18. Limitation on taxes which may be imposed by general assembly--exclusions--refund of excess revenue--adjustments authorized.** (a). There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded, exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b). For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata

based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c). The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d). If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

(e).1. In addition to the revenue limit imposed by section 18 of this article, the general assembly in any fiscal year shall not increase taxes or fees without voter approval that in total produce new annual revenues greater than either fifty million dollars adjusted annually by the percentage change in the personal income of Missouri for the second previous fiscal year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. In the event that an individual or series of tax or fee increases exceed the ceiling established in this subsection, the taxes or fees shall be submitted by the general assembly to a public vote starting with the largest increase in the given year, and including all increases in descending order, until the aggregate of the remaining increases and decreases is less than the ceiling provided in this subsection.

2. The term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee increase. For purposes of this calculation, "enacted by the general assembly" shall include any and all bills that are truly agreed to and finally passed within that fiscal year, except bills vetoed by the governor and not overridden by the general assembly. Each individual tax or fee increase shall be measured by the estimated new annual revenues collected during the first fiscal year that it is fully effective. The term "increase taxes or fees" means any law or laws passed by the general assembly after the effective date of this section that increase the rate of any existing tax or fee, impose a new tax or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or income, but shall not include the extension of an existing tax or fee which was set to expire.

3. In the event of an emergency, the general assembly may increase taxes, licenses or fees for one year beyond the limit in this subsection under the same procedure specified in section 19 of this article.

4. Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective.

5. Any taxpayer or statewide elected official may bring an action under the provisions of section 23 of this article to enforce compliance with the provisions of this section. The Missouri

supreme court shall have original jurisdiction to hear any challenge brought by any statewide elected official to enforce this section. In such enforcement actions, the court shall invalidate the taxes and fees which should have received a public vote as defined in subsection 1 of this section. The court shall order remedies of the amount of revenue collected in excess of the limit in this subsection as the court finds appropriate in order to allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset the excess monies collected.

**Section 19. Limits may be exceeded, when, how.** The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The governor requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

**Section 20. Limitation on state expenses.** No expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

**Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding.** The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivision, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

**Section 22. Political subdivisions to receive voter approval for increases in taxes and fees--rollbacks may be required--limitation not applicable to taxes for bonds.** (a). Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b). The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

**Section 23. Taxpayers may bring actions for interpretations of limitations.** Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county or other political subdivisions shall have standing to bring suit in a circuit court of proper venue and additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

**Section 24. Voter approval requirements not exclusive-- self-enforceability.** (a). The provisions for voter approval contained in sections 16 through 23, inclusive, of this article do not abrogate and are in addition to other provisions of the constitution requiring voter approval to incur bonded indebtedness and to authorize certain taxes.

(b). The provisions contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

\* The 1996 amendment added Section 18(e).

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